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TAGS: PGOV PREL SCUL VE

SUBJECT: RCTV INTERNATIONAL EXECS OPTIMISTIC BUT NETWORK
STILL FACES UPHILL BATTLE

REF: CARACAS 00453

Classified By: ACTING POLITICAL COUNSELOR DANIEL LAWTON
FOR REASON 1.4 (D)

¶1. (C) Summary. Executives at Radio Caracas Television International (RCTVI), previously RCTV, claim the company has positioned itself as a viable cable network. However, they also noted difficulties in attracting corporate sponsors, partly due to fear of Bolivarian Republic of Venezuela (BRV) retaliation. RCTVI's lawyer told us the network continues to contest the legality of the BRV's decision to revoke its free-to-air broadcasting license in May 2007, and is prepared to take the case to the Inter-American judicial system. Despite the station's efforts to resist government pressure and to boost viewership, RCTVI is a diminished player in the Venezuelan media with a 15 percent market share, down from more than 40 percent when RCTV operated on public airwaves.
End Summary.

RCTVI Increases Market Share

¶2. (C) President of RCTVI Marcel Granier linked a spike in subscriptions to cable television with RCTVI's move to cable following the BRV's decision to revoke its broadcasting license in May 2007. In a May 7 meeting with Poloff, IO, and visiting Deskoff, Granier asserted that approximately 40 percent of homes currently subscribe to cable, a 21-point increase since 2006. Granier and General Manager Daniel Bergami said the substantial jump in subscriptions is proof that Venezuelan viewers prefer RCTVI's news and entertainment programming over the competition. According to Bergami, the network now controls 15 percent of the overall market, up from eight percent when RCTVI first aired on cable.

Problems Remain

¶3. (C) However, Granier also noted the network's inability to secure a reliable stream of corporate sponsors. He told us the BRV's public threats to expel RCTVI from cable television in late 2007 dissuaded many companies from advertising with it. Companies that initially expressed interest in working with RCTVI have opted to do business with other networks despite RCTVI's gains in the market, Granier said. In particular, companies that have been awarded government contracts are wary of advertising with RCTVI for fear that the BRV will retract those deals.

¶4. (C) The head of the RCTVI's legal team, Oswaldo Quintana, provided an update on the station's pending legal case. Quintana explained how the Supreme Court (TSJ) has repeatedly

failed to hear their case on the legality of the government's actions (reftel). According to the Inter-American Court, the network must exhaust its legal options in Venezuela before the case can be submitted to the regional body. Quintana stated it has been difficult to meet that requirement because the TSJ has thus far resorted to delay tactics, complicating the network's ability to seek justice outside the country. Despite these roadblocks, Quintana said his legal team is prepared to submit the case to regional bodies when the time comes. Separately, he told us that the condition of the transmitters and antennas that were confiscated by the BRV after the closure has deteriorated. He added that the network has not yet been compensated for the technical equipment.

¶5. (C) Comment: Granier and his team are optimistic about RCTVI's ability to perform well in the competitive cable television market and against free-to-air networks. While it's conceivable that a portion of the increase in cable subscriptions is directly related to RCTVI's move to cable, its also plausible that greater disposable income and other factors led to the increase as well. Market shares aside, the network still faces an uphill battle against the BRV. It appears the government has no interest in hearing the network's case or returning the confiscated equipment. Overall, the BRV's actions against the network have made it a diminished player in the Venezuelan media. End comment.

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